



SNC • LAVALIN

Q2

**Interim Condensed Consolidated
Financial Statements** (unaudited)

As at and for the six-month periods ended
June 30, 2016 and 2015

SNC-Lavalin Group Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS)

	Note	June 30 2016	December 31 2015
ASSETS			
Current assets			
Cash and cash equivalents		\$ 1,064,589	\$ 1,581,834
Restricted cash		50,171	38,964
Trade receivables		951,652	1,200,890
Contracts in progress		1,373,653	985,852
Inventories		143,157	152,186
Other current financial assets		704,480	908,870
Other current non-financial assets		239,479	329,219
Assets of disposal group classified as held for sale	15	80,247	–
Total current assets		4,607,428	5,197,815
Property and equipment		272,569	265,077
Capital investments accounted for by the equity method	4	389,485	419,525
Capital investments accounted for by the cost method	4	45,893	48,331
Goodwill		3,138,486	3,386,849
Intangible assets related to Kentz acquisition		217,279	272,650
Deferred income tax asset		463,171	436,817
Non-current portion of receivables under service concession arrangements		339,666	291,858
Other non-current financial assets		63,256	74,064
Other non-current non-financial assets		88,133	110,167
Total assets		\$ 9,625,366	\$ 10,503,153
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		\$ 1,894,492	\$ 2,330,538
Downpayments on contracts		170,250	185,813
Deferred revenues		936,058	1,041,633
Other current financial liabilities		300,405	394,348
Other current non-financial liabilities		359,493	370,621
Advances under contract financing arrangements		281,847	394,144
Current portion of provisions		275,367	364,455
Short-term debt and current portion of long-term debt:			
Recourse		3,712	–
Non-recourse from Capital investments		9,092	8,200
Liabilities of disposal group classified as held for sale	15	83,703	–
Total current liabilities		4,314,419	5,089,752
Long-term debt:			
Recourse		349,255	349,144
Non-recourse from Capital investments		522,715	525,800
Other non-current financial liabilities		8,883	6,897
Non-current portion of provisions		353,224	344,325
Other non-current non-financial liabilities		9,916	10,215
Deferred income tax liability		262,565	273,524
Total liabilities		5,820,977	6,599,657
Equity			
Share capital	9	546,261	526,812
Retained earnings		3,014,475	2,901,353
Other components of equity	10	208,042	440,013
Equity attributable to SNC-Lavalin shareholders		3,768,778	3,868,178
Non-controlling interests		35,611	35,318
Total equity		3,804,389	3,903,496
Total liabilities and equity		\$ 9,625,366	\$ 10,503,153

See accompanying notes to interim condensed consolidated financial statements.

SNC-Lavalin Group Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

SIX MONTHS ENDED JUNE 30
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT
NUMBER OF COMMON SHARES)

2016

	Equity attributable to SNC-Lavalin shareholders					Non-controlling interests	Total equity
	Share Capital		Retained earnings	Other components of equity (Note 10)	Total		
	Common shares (in thousands)	Amount					
Balance at beginning of the period	149,772	\$ 526,812	\$ 2,901,353	\$ 440,013	\$ 3,868,178	\$ 35,318	\$ 3,903,496
Net income for the period	-	-	210,617	-	210,617	9,111	219,728
Other comprehensive loss for the period	-	-	(16,245)	(231,971)	(248,216)	(3,373)	(251,589)
Total comprehensive income (loss) for the period	-	-	194,372	(231,971)	(37,599)	5,738	(31,861)
Dividends declared (Note 8)	-	-	(77,964)	-	(77,964)	-	(77,964)
Dividends declared by subsidiaries to non-controlling interests	-	-	-	-	-	(5,445)	(5,445)
Stock option compensation	-	-	470	-	470	-	470
Shares issued under stock option plans	406	19,449	(3,756)	-	15,693	-	15,693
Balance at end of the period	150,178	\$ 546,261	\$ 3,014,475	\$ 208,042	\$ 3,768,778	\$ 35,611	\$ 3,804,389

SIX MONTHS ENDED JUNE 30
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT
NUMBER OF COMMON SHARES)

2015

	Equity attributable to SNC-Lavalin shareholders					Non-controlling interests	Total equity
	Share Capital		Retained earnings	Other components of equity (Note 10)	Total		
	Common shares (in thousands)	Amount					
Balance at beginning of the period	152,465	\$ 531,460	\$ 2,785,067	\$ (10,897)	\$ 3,305,630	\$ 11,080	\$ 3,316,710
Net income for the period	-	-	130,889	-	130,889	4,809	135,698
Other comprehensive income for the period	-	-	7,285	119,623	126,908	-	126,908
Total comprehensive income for the period	-	-	138,174	119,623	257,797	4,809	262,606
Dividends declared (Note 8)	-	-	(75,981)	-	(75,981)	-	(75,981)
Dividends declared by subsidiaries to non-controlling interests	-	-	-	-	-	(156)	(156)
Stock option compensation	-	-	693	-	693	-	693
Shares issued under stock option plans	100	4,690	(892)	-	3,798	-	3,798
Shares redeemed and cancelled (Note 9)	(1,980)	(6,957)	(79,606)	-	(86,563)	-	(86,563)
Balance at end of the period	150,585	\$ 529,193	\$ 2,767,455	\$ 108,726	\$ 3,405,374	\$ 15,733	\$ 3,421,107

See accompanying notes to interim condensed consolidated financial statements.

SNC-Lavalin Group Inc.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS

(UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT
EARNINGS PER SHARE AND NUMBER OF SHARES)

	Note	SECOND QUARTER		SIX MONTHS ENDED JUNE 30	
		2016	2015	2016	2015
Revenues from:					
E&C		\$ 2,045,237	\$ 2,191,876	\$ 3,976,010	\$ 4,396,871
Capital investments accounted for by the consolidation or cost methods		11,269	19,482	24,158	32,385
Capital investments accounted for by the equity method		46,480	39,004	90,988	78,171
		2,102,986	2,250,362	4,091,156	4,507,427
Direct cost of activities		1,762,190	1,948,813	3,458,452	3,868,724
Gross margin		340,796	301,549	632,704	638,703
Selling, general and administrative expenses		201,082	223,587	369,189	430,237
Restructuring costs	5	2,729	7,700	15,744	8,184
Acquisition-related costs and integration costs		1,725	5,536	2,969	13,415
Amortization of intangible assets related to Kentz acquisition		15,781	21,105	36,070	42,088
Gain on disposals of Capital investments	4A	-	-	(58,539)	-
EBIT⁽¹⁾		119,479	43,621	267,271	144,779
Financial expenses	6	16,803	19,092	31,856	35,487
Financial income and net foreign exchange losses (gains)	6	(4,531)	(5,327)	(10,079)	(54,424)
Earnings before income taxes		107,207	29,856	245,494	163,716
Income taxes		14,866	(1,017)	25,766	28,018
Net income for the period		\$ 92,341	\$ 30,873	\$ 219,728	\$ 135,698
Net income attributable to:					
SNC-Lavalin shareholders		\$ 88,510	\$ 26,509	\$ 210,617	\$ 130,889
Non-controlling interests		3,831	4,364	9,111	4,809
Net income for the period		\$ 92,341	\$ 30,873	\$ 219,728	\$ 135,698
Earnings per share (in \$)					
Basic		\$ 0.59	\$ 0.17	\$ 1.41	\$ 0.86
Diluted		\$ 0.59	\$ 0.17	\$ 1.40	\$ 0.86
Weighted average number of outstanding shares (in thousands)					
Basic	7	149,972	151,624	149,880	152,004
Diluted		150,185	151,744	150,041	152,086

⁽¹⁾ Earnings before interest and income taxes ("EBIT")

See accompanying notes to interim condensed consolidated financial statements.

SNC-Lavalin Group Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

THREE MONTHS ENDED JUNE 30

(IN THOUSANDS OF CANADIAN DOLLARS)

	2016			2015		
	Attributable to SNC-Lavalin shareholders	Non- controlling interests	Total	Attributable to SNC-Lavalin shareholders	Non- controlling interests	Total
Net income for the period	\$ 88,510	\$ 3,831	\$ 92,341	\$ 26,509	\$ 4,364	\$ 30,873
Other comprehensive income (loss):						
Exchange differences on translating foreign operations (Note 10)	(112,164)	(3,013)	(115,177)	(113,589)	–	(113,589)
Available-for-sale financial assets (Note 10)	505	–	505	(1,388)	–	(1,388)
Cash flow hedges (Note 10)	(43,505)	–	(43,505)	10,887	–	10,887
Share of other comprehensive income of investments accounted for by the equity method (Note 10)	2,369	–	2,369	1,591	–	1,591
Income taxes (Note 10)	9,725	–	9,725	1,700	–	1,700
Total of items that will be reclassified subsequently to net income	(143,070)	(3,013)	(146,083)	(100,799)	–	(100,799)
Defined benefit pension plans and other post-employment benefits (Note 10)	(15,241)	–	(15,241)	21,418	–	21,418
Income taxes (Note 10)	1,865	–	1,865	(1,635)	–	(1,635)
Total of items that will not be reclassified subsequently to net income	(13,376)	–	(13,376)	19,783	–	19,783
Total other comprehensive loss for the period	(156,446)	(3,013)	(159,459)	(81,016)	–	(81,016)
Total comprehensive income (loss) for the period	\$ (67,936)	\$ 818	\$ (67,118)	\$ (54,507)	\$ 4,364	\$ (50,143)

SIX MONTHS ENDED JUNE 30

(IN THOUSANDS OF CANADIAN DOLLARS)

	2016			2015		
	Attributable to SNC-Lavalin shareholders	Non- controlling interests	Total	Attributable to SNC-Lavalin shareholders	Non- controlling interests	Total
Net income for the period	\$ 210,617	\$ 9,111	\$ 219,728	\$ 130,889	\$ 4,809	\$ 135,698
Other comprehensive income (loss):						
Exchange differences on translating foreign operations (Note 10)	(212,167)	(3,373)	(215,540)	129,608	–	129,608
Available-for-sale financial assets (Note 10)	1,191	–	1,191	1,546	–	1,546
Cash flow hedges (Note 10)	(20,696)	–	(20,696)	(11,913)	–	(11,913)
Share of other comprehensive loss of investments accounted for by the equity method (Note 10)	(5,656)	–	(5,656)	(5,074)	–	(5,074)
Income taxes (Note 10)	5,357	–	5,357	5,456	–	5,456
Total of items that will be reclassified subsequently to net income	(231,971)	(3,373)	(235,344)	119,623	–	119,623
Defined benefit pension plans and other post-employment benefits (Note 10)	(18,339)	–	(18,339)	8,041	–	8,041
Income taxes (Note 10)	2,094	–	2,094	(756)	–	(756)
Total of items that will not be reclassified subsequently to net income	(16,245)	–	(16,245)	7,285	–	7,285
Total other comprehensive income (loss) for the period	(248,216)	(3,373)	(251,589)	126,908	–	126,908
Total comprehensive income (loss) for the period	\$ (37,599)	\$ 5,738	\$ (31,861)	\$ 257,797	\$ 4,809	\$ 262,606

See accompanying notes to interim condensed consolidated financial statements.

SNC-Lavalin Group Inc.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(IN THOUSANDS OF CANADIAN DOLLARS)

	Note	SECOND QUARTER		SIX MONTHS ENDED JUNE 30	
		2016	2015	2016	2015
Operating activities					
Net income for the period		\$ 92,341	\$ 30,873	\$ 219,728	\$ 135,698
Income taxes paid		(34,571)	(49,100)	(28,631)	(310,272)
Interest paid from E&C		(2,446)	(4,850)	(16,472)	(18,110)
Interest paid from Capital investments		(4,085)	(2,754)	(14,820)	(14,484)
Other reconciling items	11A	(42,113)	57,137	(89,210)	6,249
		9,126	31,306	70,595	(200,919)
Net change in non-cash working capital items	11B	(90,952)	(265,655)	(392,177)	(724,811)
Net cash used for operating activities		(81,826)	(234,349)	(321,582)	(925,730)
Investing activities					
Acquisition of property and equipment		(30,120)	(24,978)	(57,681)	(40,769)
Payments for Capital investments		(3,649)	(5,517)	(10,669)	(5,517)
Change in restricted cash position		(1,628)	(3,585)	(9,946)	1,371
Increase in receivables under service concession arrangements		(48,107)	(33,501)	(83,585)	(64,293)
Recovery of receivables under service concession arrangements		20,608	24,985	40,723	46,938
Decrease in short-term and long-term investments		16,958	15,629	41,222	38,203
Net cash inflow on disposals of Capital investments accounted for by the equity method	4A	–	–	101,851	–
Other		5,788	16,889	(3,317)	17,120
Net cash generated from (used for) investing activities		(40,150)	(10,078)	18,598	(6,947)
Financing activities					
Increase in recourse credit facility		–	205,000	4,876	235,000
Repayment of recourse credit facility		(1,164)	–	(1,164)	–
Increase in non-recourse debt from Capital investments		–	96	–	844
Repayment of non-recourse debt from Capital investments		(1,467)	(3,143)	(3,878)	(4,781)
Increase in advances under contract financing arrangements		27,349	35,682	52,023	75,121
Repayment of advances under contract financing arrangements		(157,742)	–	(165,818)	–
Proceeds from exercise of stock options		13,135	3,587	15,693	3,798
Redemption of shares	9	–	(74,000)	–	(86,563)
Dividends paid to SNC-Lavalin shareholders	8	(39,010)	(75,981)	(77,964)	(75,981)
Other		(5,281)	(1,099)	496	(3,944)
Net cash generated from (used for) financing activities		(164,180)	90,142	(175,736)	143,494
Increase (decrease) from exchange differences on translating cash and cash equivalents		(4,257)	(9,000)	(5,137)	21,458
Net decrease in cash and cash equivalents		(290,413)	(163,285)	(483,857)	(767,725)
Cash and cash equivalents at beginning of period		1,388,390	1,097,765	1,581,834	1,702,205
Cash and cash equivalents at end of period		\$ 1,097,977	\$ 934,480	\$ 1,097,977	\$ 934,480
Presented on the statement of financial position as follows:					
Cash and cash equivalents		\$ 1,064,589	\$ 934,480	\$ 1,064,589	\$ 934,480
Assets of disposal group classified as held for sale	15	33,388	–	33,388	–
		\$ 1,097,977	\$ 934,480	\$ 1,097,977	\$ 934,480

See accompanying notes to interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE	PAGE
1. DESCRIPTION OF BUSINESS	7
2. BASIS OF PREPARATION	7
3. SEGMENT DISCLOSURES	9
4. CAPITAL INVESTMENTS	12
5. RESTRUCTURING COSTS	13
6. NET FINANCIAL EXPENSES	13
7. WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES	14
8. DIVIDENDS	14
9. REDEMPTION OF SHARES	14
10. OTHER COMPONENTS OF EQUITY	15
11. STATEMENTS OF CASH FLOWS	17
12. RELATED PARTY TRANSACTIONS	17
13. FINANCIAL INSTRUMENTS	18
14. CONTINGENT LIABILITIES	20
15. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE	24

Notes to Interim Condensed Consolidated Financial Statements

(ALL TABULAR FIGURES IN THOUSANDS OF CANADIAN DOLLARS, UNLESS OTHERWISE INDICATED)
(UNAUDITED)

1. DESCRIPTION OF BUSINESS

SNC-Lavalin Group Inc. is incorporated under the Canada Business Corporations Act and has its registered office at 455 René-Lévesque Boulevard West, Montreal, Quebec, Canada H2Z 1Z3. SNC-Lavalin Group Inc. is a public company listed on the Toronto Stock Exchange in Canada. Reference to the “Company” or to “SNC-Lavalin” means, as the context may require, SNC-Lavalin Group Inc. and all or some of its subsidiaries or joint arrangements, or SNC-Lavalin Group Inc. or one or more of its subsidiaries or joint arrangements.

The Company provides engineering and construction and operations and maintenance expertise, which together are referred to as “E&C”, through its network of offices in over 50 countries, and is currently working on projects around the world. SNC-Lavalin also makes select investments that are complementary to its other activities and referred to as “Capital investments” or “Capital”.

2. BASIS OF PREPARATION

A) BASIS OF PREPARATION

The Company’s financial statements are presented in **Canadian dollars**. All values are rounded to the nearest thousand dollars, except where otherwise indicated.

These financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, (“IAS 34”).

The IFRS accounting policies that are set out in Note 2 to the Company’s annual audited consolidated financial statements for the year ended December 31, 2015 were consistently applied to all periods presented.

The preparation of financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant, are disclosed in Note 3 in the Company’s annual audited consolidated financial statements for the year ended December 31, 2015 and remained unchanged for the three-month and six-month periods ended June 30, 2016.

The Company’s financial statements have been prepared on the historical cost basis, with the exception of i) certain financial instruments, derivative financial instruments and liabilities for share unit plans, which are measured at fair value; and ii) defined benefit liability, which is measured as the net total of the present value of the defined benefit obligation minus the fair value of plan assets. Historical cost generally represents the fair value of consideration given in exchange for assets upon initial recognition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, *Share-based Payment*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2, *Inventories*, or value in use in IAS 36, *Impairment of Assets*.

These interim condensed consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company’s 2015 annual audited consolidated financial statements.

These Company’s interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 3, 2016.

B) AMENDMENTS ADOPTED IN THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

The following amendments to existing standards have been adopted by the Company on January 1, 2016:

- *Clarification of Acceptable Methods of Depreciation and Amortisation* (Amendments to IAS 16, *Property, Plant and Equipment*, and IAS 38, *Intangible Assets*): i) amendments to IAS 16, *Property, Plant and Equipment*, prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment; and ii) amendments to IAS 38, *Intangible Assets*, introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset, except in two limited circumstances.
- *Disclosure Initiative* (Amendments to IAS 1, *Presentation of Financial Statements*) comprises several narrow-scope amendments to improve presentation and disclosure requirements in existing standards.

2. BASIS OF PREPARATION (CONTINUED)

- Annual Improvements to IFRS (2012-2014 Cycle):
 - Amendments to IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*, introduce guidance for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued.
 - Amendments to IFRS 7, *Financial Instruments: Disclosure*, provide: i) additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purposes of the disclosures required in relation to transferred assets; and ii) guidance as to whether the disclosure requirements on offsetting financial assets and financial liabilities should be included in condensed interim financial statements.
 - Amendments to IAS 19, *Employee Benefits*, clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid.
 - Amendments to IAS 34, *Interim Financial Reporting*, (“IAS 34”) clarify the requirements relating to information required by IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The adoption of the amendments listed above did not have any impact on the Company’s financial statements.

C) STANDARDS AND AMENDMENTS ISSUED TO BE ADOPTED AT A LATER DATE

The following amendments to a standard have been issued and are applicable to the Company for its annual periods beginning on January 1, 2017 and thereafter, with an earlier application permitted:

- *Disclosure Initiative* (Amendments to IAS 7, *Statement of Cash Flows*) require disclosures of information enabling users of financial statements to evaluate changes in liabilities arising from financing activities.

The following standards and amendments to standards have been issued and are applicable to the Company for its annual periods beginning on January 1, 2018 and thereafter, with an earlier application permitted:

- IFRS 9, *Financial Instruments*, covers mainly: i) the classification and measurement of financial assets and financial liabilities; ii) the new impairment model for the recognition of expected credit losses; and iii) the new hedge accounting model.
- IFRS 15, *Revenue from Contracts with Customers*, (“IFRS 15”) outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede current revenue recognition guidance including IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and related Interpretations.
- Amendments to IFRS 15 clarify how to: i) identify a performance obligation in a contract; ii) determine whether a company is a principal or an agent; and iii) determine whether the revenue from granting a license should be recognized at a point in time or over time. In addition, the amendments to IFRS 15 include two additional transition reliefs.
- Amendments to IFRS 2, *Share-based Payment*, provide requirements on the accounting for: i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and iii) a modification to the terms and conditions of a share-based payment that changes the classification of a transaction from cash-settled to equity-settled.

The following standard has been issued and is applicable to the Company for its annual periods beginning on January 1, 2019 and thereafter, with an earlier application permitted for entities that have also adopted IFRS 15:

- IFRS 16, *Leases*, provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede IAS 17, *Leases*, and its associated interpretative guidance.

The Company is currently evaluating the impact of adopting these amendments and standards on its financial statements.

In December 2015, the International Accounting Standards Board postponed the effective date of the following amendments to the standards indefinitely pending the outcome of its research project on the equity method of accounting:

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*).

3. SEGMENT DISCLOSURES

The following table presents revenues and EBIT according to the Company's segments for the three-month periods ended June 30, 2016 and 2015:

	2016				2015			
	REVENUES	SEGMENT EBIT			REVENUES	SEGMENT EBIT		
		E&C	CAPITAL	TOTAL		E&C	CAPITAL	TOTAL
Mining & Metallurgy	\$ 92,138	\$ 15,232	\$ –	\$ 15,232	\$ 228,613	\$ 19,483	\$ –	\$ 19,483
Oil & Gas	900,022	71,396	–	71,396	891,011	65,242	–	65,242
Power	415,179	28,705	–	28,705	409,315	25,161	–	25,161
Infrastructure								
Infrastructure & Construction	412,360	14,069	–	14,069	443,117	(43,242)	–	(43,242)
Operations & Maintenance	225,538	15,194	–	15,194	219,820	12,081	–	12,081
Sub-total - Infrastructure	637,898	29,263	–	29,263	662,937	(31,161)	–	(31,161)
Total E&C segments	2,045,237	144,596	–	144,596	2,191,876	78,725	–	78,725
Capital	57,749	–	46,768	46,768	58,486	–	51,850	51,850
	\$ 2,102,986			191,364	\$ 2,250,362			130,575
Reversal of non-controlling interests before income taxes included above		3,815	–	3,815		6,855	–	6,855
Corporate selling, general and administrative expenses and others not allocated to the segments		(49,789)	(5,676)	(55,465)		(55,926)	(3,542)	(59,468)
Restructuring costs (Note 5)		(2,729)	–	(2,729)		(7,700)	–	(7,700)
Acquisition-related costs and integration costs		(1,725)	–	(1,725)		(5,536)	–	(5,536)
Amortization of intangible assets related to Kentz acquisition		(15,781)	–	(15,781)		(21,105)	–	(21,105)
EBIT		78,387	41,092	119,479		(4,687)	48,308	43,621
Net financial expenses (Note 6)				12,272				13,765
Earnings before income taxes				107,207				29,856
Income taxes				14,866				(1,017)
Net income for the period				\$ 92,341				\$ 30,873
Net income attributable to:								
SNC-Lavalin shareholders				\$ 88,510				\$ 26,509
Non-controlling interests				3,831				4,364
Net income for the period				\$ 92,341				\$ 30,873

3. SEGMENT DISCLOSURES (CONTINUED)

The following table presents revenues and EBIT according to the Company's segments for the six-month periods ended June 30, 2016 and 2015:

SIX MONTHS ENDED JUNE 30	2016				2015			
	REVENUES	SEGMENT EBIT			REVENUES	SEGMENT EBIT		
		E&C	CAPITAL	TOTAL		E&C	CAPITAL	TOTAL
Mining & Metallurgy	\$ 209,607	\$ 20,884	\$ –	\$ 20,884	\$ 450,990	\$ 37,582	\$ –	\$ 37,582
Oil & Gas	1,753,489	113,531	–	113,531	1,651,173	119,376	–	119,376
Power	798,444	57,884	–	57,884	879,943	68,942	–	68,942
Infrastructure								
Infrastructure & Construction ⁽¹⁾	779,683	30,942	–	30,942	837,524	(53,859)	–	(53,859)
Operations & Maintenance	434,787	29,773	–	29,773	577,241	24,144	–	24,144
Sub-total - Infrastructure	1,214,470	60,715	–	60,715	1,414,765	(29,715)	–	(29,715)
Total E&C segments	3,976,010	253,014	–	253,014	4,396,871	196,185	–	196,185
Capital	115,146	–	155,714	155,714	110,556	–	94,630	94,630
	\$ 4,091,156			408,728	\$ 4,507,427			290,815
Reversal of non-controlling interests before income taxes included above		9,116	–	9,116		7,555	–	7,555
Corporate selling, general and administrative expenses and others not allocated to the segments		(83,690)	(12,100)	(95,790)		(83,515)	(6,389)	(89,904)
Restructuring costs (Note 5)		(15,744)	–	(15,744)		(8,184)	–	(8,184)
Acquisition-related costs and integration costs		(2,969)	–	(2,969)		(13,415)	–	(13,415)
Amortization of intangible assets related to Kentz acquisition		(36,070)	–	(36,070)		(42,088)	–	(42,088)
EBIT		123,657	143,614	267,271		56,538	88,241	144,779
Net financial expenses (income) (Note 6)				21,777				(18,937)
Earnings before income taxes				245,494				163,716
Income taxes				25,766				28,018
Net income for the period				\$ 219,728				\$ 135,698
Net income attributable to:								
SNC-Lavalin shareholders				\$ 210,617				\$ 130,889
Non-controlling interests				9,111				4,809
Net income for the period				\$ 219,728				\$ 135,698

⁽¹⁾ For the six-month period ended June 30, 2015, the negative sub-segment EBIT of \$53.9 million was mainly due to challenging soil conditions relating to the tunnel portion of a mass transit project and additional costs on a major highway project, both in Canada, which led to a revised cost forecast with a total adverse impact of \$37.8 million on gross margin.

3. SEGMENT DISCLOSURES (CONTINUED)

The Company also discloses in the table below under “Supplementary Information” its net income (loss) from E&C, its dividends from 407 International Inc. (“Highway 407”), and its net income from other Capital investments, as this information may be useful in assessing the Company’s value.

It should be noted that supplementary information provided in the following table does not reflect information related to the Company’s segments, but is rather an allocation of net income attributable to SNC-Lavalin shareholders between various components.

	SECOND QUARTER		SIX MONTHS ENDED JUNE 30	
	2016	2015	2016	2015
Supplementary information:				
Net income (loss) attributable to SNC-Lavalin shareholders from E&C	\$ 52,894	\$ (18,508)	\$ 84,093	\$ 48,513
Net income attributable to SNC-Lavalin shareholders from				
Capital investments:				
From Highway 407	31,451	31,451	62,903	62,903
From other Capital investments:				
From a net gain on disposal of SNCL Malta (Note 4A)	–	–	53,595	–
From a net loss on disposal of Rayalseema (Note 4A)	–	–	(2,550)	–
Excluding the net gain (loss) listed above	4,165	13,566	12,576	19,473
Net income attributable to SNC-Lavalin shareholders for the period	\$ 88,510	\$ 26,509	\$ 210,617	\$ 130,889

4. CAPITAL INVESTMENTS

SNC-Lavalin makes investments in certain infrastructure concessions from bridges, buildings and highways to mass transit systems, power facilities and water treatment plants.

The main concessions and public-private partnerships contracts reported under IFRIC Interpretation 12, *Service Concession Arrangements*, (“IFRIC 12”) are all accounted for under the financial asset model, except the Société d’Exploitation de l’Aéroport de Mayotte S.A.S. concession, which is accounted for under the bifurcated model. The Rayalseema Expressway Private Limited (“Rayalseema”) concession was accounted for under the intangible asset model until its disposal in the first quarter of 2016, as described below.

In order to provide the reader of the financial statements with a better understanding of the financial position and results of operations of its Capital investments, the Company presents certain distinct financial information related specifically to its Capital investments throughout its financial statements, as well as additional information below.

A) DECREASES IN OWNERSHIP INTERESTS IN INVESTMENTS AND ADITION OF AN INVESTMENT

I) IN THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

MALTA INTERNATIONAL AIRPORT

On March 30, 2016, SNC-Lavalin announced that it has reached financial close on the sale of its indirect ownership interest in MML Holdings Malta Limited [formerly, SNC-Lavalin (Malta) Limited (“SNCL Malta”)] to an affiliate of Flughafen Wien AG for total cash consideration of approximately €64 million (approximately CA\$98.7 million). SNCL Malta is the indirect owner of the Company’s 15.5% ownership interest in Malta International Airport p.l.c.

Net gain on disposal of SNCL Malta

SIX MONTHS ENDED JUNE 30	2016
Consideration received	\$ 98,675
Carrying amount of the investment	(38,660)
Cumulative exchange gain on translating foreign operations reclassified from equity	1,074
Gain on disposal of SNCL Malta	61,089
Income taxes	(7,494)
Net gain on disposal of SNCL Malta	\$ 53,595

Net cash inflow on disposal of SNCL Malta

SIX MONTHS ENDED JUNE 30	2016
Consideration received in cash	\$ 98,675
Less: cash and cash equivalents balances disposed of	(4,865)
Net cash inflow on disposal of SNCL Malta	\$ 93,810

RAYALSEEMA

In the first quarter of 2016, SNC-Lavalin has substantially completed the sale of its ownership interest of 36.9% in Rayalseema in exchange of total cash consideration of approximately US\$6 million (approximately CA\$8 million). The net loss on disposal of SNC-Lavalin’s ownership interest in Rayalseema amounted to \$2.6 million.

Gain on disposals of Capital investments

Following the dispositions of SNCL Malta and Rayalseema in the first quarter of 2016, the gain on disposals of Capital investments before taxes presented in the Company’s consolidated income statement is as follows:

SIX MONTHS ENDED JUNE 30	2016
Gain on disposal of SNCL Malta	\$ 61,089
Loss on disposal of Rayalseema	(2,550)
Gain on disposals of Capital investments	\$ 58,539

4. CAPITAL INVESTMENTS (CONTINUED)

Net cash inflow on disposals of Capital investments

Following the dispositions of SNCL Malta and Rayalseema in the first quarter of 2016, the net cash inflow on disposals of Capital investments presented in the Company's consolidated statement of cash flows is as follows:

SIX MONTHS ENDED JUNE 30	2016
Net cash inflow on disposal of SNCL Malta	\$ 93,810
Cash inflow on disposal of Rayalseema	8,041
Net cash inflow on disposals of Capital investments accounted for by the equity method	\$ 101,851

II) IN THE SIX-MONTH PERIOD ENDED JUNE 30, 2015

SIGNATURE ON THE SAINT-LAURENT GROUP GENERAL PARTNERSHIP ("SSL")

In June 2015, the Company announced that the consortium SSL, of which SNC-Lavalin is a 50% partner, has finalized an agreement with the Government of Canada to design, build, finance and maintain the New Champlain Bridge Corridor project. SSL will operate and maintain the bridge for the duration of the concession period until 2049. The Company committed to invest in this Capital investment an amount of \$43.1 million in equity.

SNC-Lavalin's investment in SSL is accounted for by the equity method.

B) NET BOOK VALUE OF CAPITAL INVESTMENTS

The Company's consolidated statement of financial position includes the following net assets (liabilities) from its consolidated Capital investments and net book value from its Capital investments accounted for by the equity and cost methods.

	JUNE 30 2016	DECEMBER 31 2015
Net liabilities from Capital investments accounted for by the consolidation method	\$ (14,979)	\$ (15,895)
Net book value of Capital investments accounted for by the equity method ^{(1), (2)}	389,485	419,525
Net book value of Capital investments accounted for by the cost method	45,893	48,331
Total net book value of Capital investments	\$ 420,399	\$ 451,961

(1) Includes the Company's investment in Highway 407, for which the net book value was \$nil as at June 30, 2016 and December 31, 2015.

(2) Includes the Company's subordinated loan receivable from a Capital investment of \$109.3 million as at June 30, 2016 and December 31, 2015.

5. RESTRUCTURING COSTS

The Company incurred restructuring costs totalling \$2.7 million in the second quarter of 2016 (2015: \$7.7 million) and \$15.7 million in the six-month period ended June 30, 2016 (2015: \$8.2 million).

The restructuring costs recognized in the six-month periods ended June 30, 2016 and 2015 were mainly for severances.

6. NET FINANCIAL EXPENSES

THREE MONTHS ENDED JUNE 30	2016			2015		
	FROM E&C	FROM CAPITAL	TOTAL	FROM E&C	FROM CAPITAL	TOTAL
Interest on debt:						
Recourse	\$ 5,486	\$ -	\$ 5,486	\$ 6,506	\$ -	\$ 6,506
Non-recourse	-	7,101	7,101	-	6,575	6,575
Other	4,367	(151)	4,216	5,802	209	6,011
Financial expenses	9,853	6,950	16,803	12,308	6,784	19,092
Financial income	(3,195)	(3,320)	(6,515)	(2,133)	(5,537)	(7,670)
Net foreign exchange losses (gains)	1,984	-	1,984	2,596	(253)	2,343
Financial income and net foreign exchange losses (gains)	(1,211)	(3,320)	(4,531)	463	(5,790)	(5,327)
Net financial expenses	\$ 8,642	\$ 3,630	\$ 12,272	\$ 12,771	\$ 994	\$ 13,765

6. NET FINANCIAL EXPENSES (CONTINUED)

SIX MONTHS ENDED JUNE 30	2016			2015		
	FROM E&C	FROM CAPITAL	TOTAL	FROM E&C	FROM CAPITAL	TOTAL
Interest on debt:						
Recourse	\$ 10,956	\$ –	\$ 10,956	\$ 11,941	\$ –	\$ 11,941
Non-recourse	–	13,658	13,658	–	13,238	13,238
Other	7,150	92	7,242	10,081	227	10,308
Financial expenses	18,106	13,750	31,856	22,022	13,465	35,487
Financial income	(5,942)	(6,726)	(12,668)	(4,827)	(11,076)	(15,903)
Net foreign exchange losses (gains)	2,589	–	2,589	(38,519)	(2)	(38,521)
Financial income and net foreign exchange losses (gains)	(3,353)	(6,726)	(10,079)	(43,346)	(11,078)	(54,424)
Net financial expenses (income)	\$ 14,753	\$ 7,024	\$ 21,777	\$ (21,324)	\$ 2,387	\$ (18,937)

7. WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES

The weighted average number of outstanding shares for the second quarters and the six-month periods ended June 30, 2016 and 2015 used to calculate the basic and diluted earnings per share were as follows:

(IN THOUSANDS)	SECOND QUARTER		SIX MONTHS ENDED JUNE 30	
	2016	2015	2016	2015
Weighted average number of outstanding shares - basic	149,972	151,624	149,880	152,004
Dilutive effect of stock options	213	120	161	82
Weighted average number of outstanding shares - diluted	150,185	151,744	150,041	152,086

In the second quarter and six-month period ended June 30, 2016, 5,000 outstanding stock options (2015: 737,096 outstanding stock options) have not been included in the computation of diluted earnings per share because they were anti-dilutive.

8. DIVIDENDS

During the six-month period ended June 30, 2016, the Company recognized as distributions to its equity shareholders dividends of \$78.0 million or \$0.52 per share (2015: \$76.0 million or \$0.50 per share).

SIX MONTHS ENDED JUNE 30	2016	2015
Dividends payable at January 1	\$ –	\$ –
Dividends declared during the period	77,964	75,981
Dividends paid during the period	(77,964)	(75,981)
Dividends payable at June 30	\$ –	\$ –

9. REDEMPTION OF SHARES

In the second quarter of 2016, the Company announced that it had filed a notice to renew, for a 12-month period, its normal course issuer bid, which expired on June 4, 2016. In the notice, SNC-Lavalin stated that a maximum of 3,000,000 common shares may be purchased for cancellation, on the open market. Purchases may commence on June 6, 2016 and will terminate no later than June 5, 2017. For the period from June 5, 2015 to June 4, 2016, the number of common shares subject to the issuer bid was 13,287,774 common shares.

There was no redemption of shares in the first six months of 2016 (2015: 1,979,500 common shares were redeemed resulting in cash outflows of \$86.6 million).

10. OTHER COMPONENTS OF EQUITY

The Company has the following elements, net of income taxes, within its other components of equity at June 30, 2016 and December 31, 2015:

	JUNE 30 2016	DECEMBER 31 2015
Exchange differences on translating foreign operations	\$ 257,277	\$ 472,355
Available-for-sale financial assets	2,559	1,768
Cash flow hedges	(3,488)	10,036
Share of other comprehensive loss of investments accounted for by the equity method	(48,306)	(44,146)
Other components of equity	\$ 208,042	\$ 440,013

- Exchange differences on translating foreign operations component represents exchange differences relating to the translation from the functional currencies of the Company's foreign operations into Canadian dollars. On disposal of a foreign operation, the cumulative translation differences are reclassified to net income as part of the gain or loss on disposal. Exchange differences also include gains and losses on the hedging instrument relating to the effective portion of hedges of net investments of foreign operations, which are reclassified to net income on the disposal of the foreign operation.
- Available-for-sale financial assets component arises upon the revaluation of available-for-sale financial assets. When a revalued financial asset is sold, the portion of the component that relates to that financial asset, and is effectively realized, is recognized in net income. When a revalued financial asset is impaired, the portion of the component that relates to that financial asset is recognized in net income.
- Cash flow hedges component represents hedging gains and losses recognized on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognized in net income when the hedged transaction impacts net income, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.
- Share of other comprehensive income (loss) of investments accounted for by the equity method component represents the Company's share of the other comprehensive income (loss) from its investments accounted for by the equity method.

10. OTHER COMPONENTS OF EQUITY (CONTINUED)

The following table provides a reconciliation of each element of other components of equity for the second quarters and the six-month periods ended June 30, 2016 and 2015:

	SECOND QUARTER		SIX MONTHS ENDED JUNE 30	
	2016	2015	2016	2015
Exchange differences on translating foreign operations:				
Balance at beginning of period	\$ 370,013	\$ 262,703	\$ 472,355	\$ 19,848
Current period gains (losses)	(114,682)	(114,996)	(229,159)	126,925
Reclassification to net income	–	–	5,776	–
Net investment hedge - current period gains	2,518	1,407	11,216	2,683
Income taxes relating to current period gains	(572)	(380)	(2,911)	(722)
Balance at end of period	257,277	148,734	257,277	148,734
Available-for-sale financial assets:				
Balance at beginning of period	2,180	1,215	1,768	645
Current period gains (losses) ⁽¹⁾	(1,119)	(2,424)	(2,048)	2,741
Income taxes relating to current period gains (losses)	(126)	2,135	(400)	(403)
Reclassification to net income ⁽¹⁾	1,624	1,036	3,239	(1,195)
Income taxes relating to amounts reclassified to net income	–	180	–	354
Balance at end of period	2,559	2,142	2,559	2,142
Cash flow hedges:				
Balance at beginning of period	29,016	(13,848)	10,036	4,244
Current period gains (losses)	(6,421)	3,776	11,229	(15,835)
Income tax relating to current period gains (losses)	3,085	(824)	3,061	4,495
Reclassification to net income	(37,084)	7,111	(31,925)	3,922
Income taxes relating to amounts reclassified to net income	7,916	1,006	4,111	395
Balance at end of period	(3,488)	(2,779)	(3,488)	(2,779)
Share of other comprehensive income (loss) of investments accounted for by the equity method:				
Balance at beginning of period	(50,097)	(40,545)	(44,146)	(35,634)
Current period share	(129)	55	(10,262)	(8,164)
Income taxes relating to current period share	(48)	(7)	2,588	2,160
Reclassification to net income	2,498	1,536	4,606	3,090
Income taxes relating to amounts reclassified to net income	(530)	(410)	(1,092)	(823)
Balance at end of period	(48,306)	(39,371)	(48,306)	(39,371)
Other components of equity	\$ 208,042	\$ 108,726	\$ 208,042	\$ 108,726

(1) For the second quarter and the six-month period ended June 30, 2016, the gain arising on derivatives designated as hedging instruments in fair value hedges amounted to \$1.6 million (2015: \$1.0 million) and to \$3.2 million (2015: \$1.4 million), respectively, and the loss arising on adjustment for hedged item attributable to hedged risk in a designated fair value hedge accounting relationship amounted to \$1.6 million (2015: \$1.0 million) and to \$3.2 million (2015: \$1.4 million), respectively.

ACTUARIAL GAINS AND LOSSES RECOGNIZED IN OTHER COMPREHENSIVE INCOME

The following tables provide a reconciliation of actuarial gains (losses) recognized in other comprehensive income relating to defined benefit pension plans and other post-employment benefits for the second quarters and the six-month periods ended June 30, 2016 and 2015:

THREE MONTHS ENDED JUNE 30	2016			2015		
	BEFORE TAX	INCOME TAX	NET OF TAX	BEFORE TAX	INCOME TAX	NET OF TAX
Cumulative amount at beginning of period	\$ (36,617)	\$ 6,470	\$ (30,147)	\$ (46,555)	\$ 7,282	\$ (39,273)
Gains (losses) recognized during the period	(15,241)	1,865	(13,376)	21,418	(1,635)	19,783
Cumulative amount at end of period	\$ (51,858)	\$ 8,335	\$ (43,523)	\$ (25,137)	\$ 5,647	\$ (19,490)
SIX MONTHS ENDED JUNE 30	2016			2015		
	BEFORE TAX	INCOME TAX	NET OF TAX	BEFORE TAX	INCOME TAX	NET OF TAX
Cumulative amount at beginning of period	\$ (33,519)	\$ 6,241	\$ (27,278)	\$ (33,178)	\$ 6,403	\$ (26,775)
Gains (losses) recognized during the period	(18,339)	2,094	(16,245)	8,041	(756)	7,285
Cumulative amount at end of period	\$ (51,858)	\$ 8,335	\$ (43,523)	\$ (25,137)	\$ 5,647	\$ (19,490)

11. STATEMENTS OF CASH FLOWS

A) OTHER RECONCILING ITEMS

The following table presents the items to reconcile net income to cash flows from operating activities presented in the statements of cash flows:

	SECOND QUARTER		SIX MONTHS ENDED JUNE 30	
	2016	2015	2016	2015
Depreciation of property and equipment and amortization of other non-current assets:				
From E&C	\$ 30,742	\$ 40,078	\$ 71,063	\$ 71,934
From Capital	1,692	—	1,692	—
Income taxes recognized in net income	14,866	(1,017)	25,766	28,018
Net financial expenses (income) recognized in net income (Note 6)	12,272	13,765	21,777	(18,937)
Share-based expense (reversal of share-based expense)	(1,889)	7,370	1,739	12,406
Income from Capital investments accounted for by the equity method	(46,480)	(39,004)	(90,988)	(78,171)
Dividends and distributions received from Capital investments accounted for by the equity method	32,918	37,288	64,750	69,140
Net change in provisions related to forecasted losses on certain contracts	(42,914)	2,162	(47,522)	(29,102)
Gain on disposals of Capital investments (Note 4A)	—	—	(58,539)	—
Restructuring costs recognized in net income (Note 5)	2,729	7,700	15,744	8,184
Restructuring costs paid	(27,741)	(5,341)	(61,188)	(25,723)
Other	(18,308)	(5,864)	(33,504)	(31,500)
Other reconciling items	\$ (42,113)	\$ 57,137	\$ (89,210)	\$ 6,249

B) NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

The following table presents the items included in the net change in non-cash working capital related to operating activities presented in the statements of cash flows:

	SECOND QUARTER		SIX MONTHS ENDED JUNE 30	
	2016	2015	2016	2015
Decrease in trade receivables	\$ 79,788	\$ 28,149	\$ 198,989	\$ 111,803
Decrease (increase) in contracts in progress	(282,379)	37,615	(441,937)	(157,832)
Decrease (increase) in inventories	1,768	13,190	(2,464)	(40,011)
Decrease (increase) in other current financial assets	171,059	2,427	180,950	(62,388)
Decrease (increase) in other current non-financial assets	(24,520)	(17,628)	(5,814)	23,515
Increase (decrease) in trade payables	46,019	(222,696)	(221,761)	(275,543)
Increase (decrease) in downpayments on contracts	40,791	(18,569)	17,120	(56,318)
Decrease in deferred revenues	(77,126)	(62,171)	(89,706)	(173,934)
Decrease in other current financial liabilities	(27,800)	(32,379)	(24,910)	(55,639)
Increase (decrease) in other current non-financial liabilities	(18,552)	6,407	(2,644)	(38,464)
Net change in non-cash working capital items	\$ (90,952)	\$ (265,655)	\$ (392,177)	\$ (724,811)

12. RELATED PARTY TRANSACTIONS

In the normal course of its operations, SNC-Lavalin enters into transactions with certain of its Capital investments. Investments in which SNC-Lavalin has significant influence or joint control, which are accounted for by the equity method, are considered related parties.

Consistent with IFRS, intragroup profits generated from revenues with Capital investments accounted for by the equity or consolidation methods are eliminated in the period they occur, except when such profits are deemed to have been realized by the Capital investments. Profits generated from transactions with Capital investments accounted for by the cost method are not eliminated.

The accounting treatment of intragroup profits is summarized below:

CAPITAL INVESTMENT	ACCOUNTING METHOD	ACCOUNTING TREATMENT OF INTRAGROUP PROFITS
Capital investments accounted for under IFRIC 12	Consolidation method	Not eliminated upon consolidation in the period they occur, as they are considered realized by the Capital investment through the contractual agreement with its client.
	Equity method	Not eliminated upon consolidation in the period they occur, as they are considered realized by the Capital investment through the contractual agreement with its client.
Others	Equity method	Eliminated in the period they occur, as a reduction of the underlying asset and subsequently recognized over the depreciation period of the corresponding asset.
	Cost method	Not eliminated, in accordance with IFRS.

12. RELATED PARTY TRANSACTIONS (CONTINUED)

For the second quarter and the first six months of 2016, SNC-Lavalin recognized revenues of \$192.6 million (2015: \$158.0 million) and \$366.2 million (2015: \$293.0 million), respectively, from contracts with Capital investments accounted for by the equity method. SNC-Lavalin also recognized its share of net income from these Capital investments accounted for by the equity method of \$46.5 million for the second quarter of 2016 (2015: \$39.0 million) and \$91.0 million for the six months of 2016 (2015: \$78.2 million), respectively.

SNC-Lavalin's trade receivables from Capital investments accounted for by the equity method amounted to \$82.7 million as at June 30, 2016 (December 31, 2015: \$65.4 million). SNC-Lavalin's other current financial assets receivable from these Capital investments accounted for by the equity method amounted to \$114.0 million as at June 30, 2016 (December 31, 2015: \$94.2 million). SNC-Lavalin's remaining commitment to invest in these Capital investments accounted for by the equity method was \$103.3 million at June 30, 2016 (December 31, 2015: \$113.9 million).

All of these related party transactions are measured at fair value.

13. FINANCIAL INSTRUMENTS

The following tables present the carrying value of financial assets held by SNC-Lavalin at June 30, 2016 and December 31, 2015 by category and classification, with the corresponding fair value, when available:

	2016					
	CARRYING VALUE OF FINANCIAL ASSETS BY CATEGORY					
	FVTPL ⁽¹⁾	AVAILABLE- FOR-SALE	LOANS AND RECEIVABLES	DERIVATIVES USED FOR HEDGES	TOTAL	FAIR VALUE
Cash and cash equivalents	\$ 1,064,589	\$ -	\$ -	\$ -	\$ 1,064,589	\$ 1,064,589
Restricted cash	50,171	-	-	-	50,171	50,171
Trade receivables	-	-	951,652	-	951,652	951,652
Other current financial assets	-	-	698,319	6,161	704,480	706,232
Capital investments accounted for by the equity method	-	-	109,306	-	109,306	109,306
Capital investments accounted for by the cost method ⁽²⁾	-	45,302	591	-	45,893	See ⁽²⁾
Non-current portion of receivables under service concession arrangements ⁽³⁾	-	-	339,666	-	339,666	389,185
Other non-current financial assets ^{(3), (4)}	32,704	-	30,552	-	63,256	63,256
Total	\$ 1,147,464	\$ 45,302	\$ 2,130,086	\$ 6,161	\$ 3,329,013	

	2015					
	CARRYING VALUE OF FINANCIAL ASSETS BY CATEGORY					
	FVTPL ⁽¹⁾	AVAILABLE- FOR-SALE	LOANS AND RECEIVABLES	DERIVATIVES USED FOR HEDGES	TOTAL	FAIR VALUE
Cash and cash equivalents	\$ 1,581,834	\$ -	\$ -	\$ -	\$ 1,581,834	\$ 1,581,834
Restricted cash	38,964	-	-	-	38,964	38,964
Trade receivables	-	-	1,200,890	-	1,200,890	1,200,890
Other current financial assets	-	-	899,128	9,742	908,870	911,004
Capital investments accounted for by the equity method	-	-	109,306	-	109,306	109,306
Capital investments accounted for by the cost method ⁽²⁾	-	47,717	614	-	48,331	See ⁽²⁾
Non-current portion of receivables under service concession arrangements ⁽³⁾	-	-	291,858	-	291,858	327,619
Other non-current financial assets ⁽³⁾	6,825	-	67,239	-	74,064	74,064
Total	\$ 1,627,623	\$ 47,717	\$ 2,569,035	\$ 9,742	\$ 4,254,117	

⁽¹⁾ Fair value through profit or loss ("FVTPL").

⁽²⁾ These available-for-sale financial assets represent mainly equity instruments that do not have a quoted market price in an active market.

⁽³⁾ For non-current portion of receivables under service concession arrangements and most of the other non-current financial assets other than at fair value, the Company uses the present value technique to determine the fair value.

⁽⁴⁾ For the six-month period ended June 30, 2016, the net gain on derivative financial instruments at FVTPL entered into in 2015 for the purpose of the Company's share unit plans amounted to \$25.8 million, while the net loss on corresponding share unit plans' liabilities amounted to \$17.0 million.

13. FINANCIAL INSTRUMENTS (CONTINUED)

The following tables present the carrying value of financial liabilities held by SNC-Lavalin at June 30, 2016 and December 31, 2015 by category and classification, with the corresponding fair value, when available:

	2016				FAIR VALUE
	CARRYING VALUE OF FINANCIAL LIABILITIES BY CATEGORY				
	DERIVATIVES USED FOR HEDGES	OTHER FINANCIAL LIABILITIES	TOTAL		
Trade payables	\$ —	\$ 1,894,492	\$ 1,894,492	\$ 1,894,492	
Downpayments on contracts	—	170,250	170,250	170,250	
Other current financial liabilities	39,215	261,190	300,405	300,405	
Advances under contract financing arrangements ⁽¹⁾	—	281,847	281,847	282,207	
Provisions	—	47,610	47,610	47,610	
Short-term debt and long-term debt ⁽²⁾	—	884,774	884,774	990,531	
Other non-current financial liabilities	4,785	4,098	8,883	8,883	
Total	\$ 44,000	\$ 3,544,261	\$ 3,588,261		

	2015				FAIR VALUE
	CARRYING VALUE OF FINANCIAL LIABILITIES BY CATEGORY				
	DERIVATIVES USED FOR HEDGES	OTHER FINANCIAL LIABILITIES	TOTAL		
Trade payables	\$ —	\$ 2,330,538	\$ 2,330,538	\$ 2,330,538	
Downpayments on contracts	—	185,813	185,813	185,813	
Other current financial liabilities	92,503	301,845	394,348	394,348	
Advances under contract financing arrangements ⁽¹⁾	—	394,144	394,144	397,024	
Provisions	—	93,057	93,057	93,057	
Short-term debt and long-term debt ⁽²⁾	—	883,144	883,144	977,513	
Other non-current financial liabilities	2,857	4,040	6,897	6,897	
Total	\$ 95,360	\$ 4,192,581	\$ 4,287,941		

(1) The fair value of the advances under contract financing arrangements was determined using the market approach, which uses prices and other relevant information generated by market transactions involving similar or comparable liabilities.

(2) The fair value of short-term debt and long-term debt classified in the “other financial liabilities” category was determined using public quotations or the discounted cash flows method in accordance with current financing arrangements. The discount rates used correspond to prevailing market rates offered to SNC-Lavalin or to the Capital investments, depending on which entity has issued the debt instrument, for debt with the similar terms and conditions.

For the six-month periods ended June 30, 2016 and 2015, there were no changes in valuation techniques and in inputs used in the fair value measurements and there were no transfers between the levels of the fair value hierarchy.

14. CONTINGENT LIABILITIES

A) ONGOING INVESTIGATIONS

In February 2012, the Board of Directors initiated an independent investigation (the “Independent Review”), led by its Audit Committee, of the facts and circumstances surrounding certain payments that were documented (under certain agreements presumed to be agency agreements) to construction projects to which they did not relate, and certain other contracts. On March 26, 2012, the Company announced the results of the Independent Review and related findings and recommendations of the Audit Committee to the Board of Directors and provided information to the appropriate authorities. The Company understands that investigations by law enforcement and securities regulatory authorities remain ongoing in connection with this information, which are described in greater detail below. The Company also continues to review compliance matters (including matters beyond the scope of the Independent Review), including to assess whether amounts may, directly or indirectly, have been improperly paid to persons owing fiduciary duties to the Company, and as additional information, if any, arises as a result thereof, the Company will continue to investigate and review such information as it has in the past.

Charges and RCMP Investigations

On February 19, 2015, the Royal Canadian Mounted Police (the “RCMP”) and the Public Prosecution Service of Canada laid charges against the Company and its indirect subsidiaries SNC-Lavalin International Inc. and SNC-Lavalin Construction Inc. Each entity has been charged with one count of fraud under section 380 of the Criminal Code (Canada) (the “Criminal Code”) and one count of corruption under Section 3(1)(b) of the Corruption of Foreign Public Officials Act (Canada) (the “CFPOA”), (the “Charges”). These Charges follow the RCMP’s formal investigation (including in connection with the search warrant executed by the RCMP at the Company on April 13, 2012) into whether improper payments were made or offered, directly or indirectly, to be made, to a government official of Libya to influence the award of certain engineering and construction contracts between 2001 and 2011. This investigation, referred to as Project Assistance by the RCMP, also led to criminal charges being laid against two former employees of the Company. The Company understands that the charges laid against one or both of these former employees include bribery under the CFPOA, fraud, laundering the proceeds of crime and possession of property obtained by crime under the Criminal Code, and contravention of the *Regulations Implementing the United Nations Resolutions on Libya* in Canada. Due to the inherent uncertainties of these proceedings, it is not possible to predict the final outcome of the Charges, which could possibly result in a conviction on one or more of the Charges. The preliminary inquiry in respect of the Charges has been scheduled for a court hearing in September 2018. The Company cannot predict what, if any, other actions may be taken by any other applicable government or authority or the Company’s customers or other third parties as a result of the Charges, or whether additional charges may be brought in connection with the RCMP investigation of these matters.

The RCMP is also conducting a formal investigation into whether improper payments were made or offered to government officials in Bangladesh to influence the award of a proposed construction supervision consulting contract to a subsidiary of the Company in violation of the CFPOA and its involvement in projects in certain North African countries (the “RCMP Investigation”). This investigation has led to criminal charges being laid against three former employees of a subsidiary of the Company pursuant to the anti-bribery provisions of the CFPOA. Although, to date, the Company has not been charged in connection with the subject matter of this RCMP Investigation, it may result in criminal charges being laid against the Company and/or certain of its subsidiaries under the CFPOA and could result in a conviction on one or more of such charges.

The Charges and the RCMP Investigation and potential outcomes thereof, and any negative publicity associated therewith, could adversely affect the Company’s business, results of operations and reputation and could subject the Company to sanctions, fines and other penalties, some of which may be significant. In addition, potential consequences of the Charges and/or the RCMP Investigation could include, in respect of the Company or one or more of its subsidiaries, mandatory or discretionary suspension, prohibition or debarment from participating in projects by certain governments (such as the Government of Canada and/or Canadian provincial governments) or by certain administrative organizations under applicable procurement laws, regulations, policies or practices. The Company derives a significant percentage of its annual global revenue (and an even larger percentage of its annual Canadian revenue) from government and government-related contracts. As a result, suspension, prohibition or debarment, whether discretionary or mandatory, from participating in certain government and government-related contracts (in Canada, Canadian provinces or elsewhere) would have a material adverse effect on the Company’s business, financial condition and liquidity and the market prices of the Company’s publicly traded securities.

14. CONTINGENT LIABILITIES (CONTINUED)

AMF Investigation; AMF Certification under the Quebec Act Respecting Contracting by Public Bodies

The Company understands that there is an ongoing investigation being conducted in the context of applicable securities laws and regulations by the securities regulator in the Province of Quebec, the Autorité des marchés financiers (the “AMF”).

In addition, as announced on February 5, 2014, certain subsidiaries of the Company obtained the requisite certification from the AMF to contract with public bodies in the Province of Quebec, as required pursuant to the *Act Respecting Contracting by Public Bodies*. In the event an entity or any of its affiliates is convicted of certain specified offences under the Criminal Code or the CFPOA, AMF certification can be automatically revoked. In addition, the AMF has the discretionary power to refuse to grant an authorization or revoke an authorization if it determines that the enterprise concerned fails to meet the high standards of integrity that the public is entitled to expect from a party to a public contract or subcontract.

World Bank Settlement

On April 17, 2013, the Company announced a settlement in connection with the previously announced investigations by the World Bank Group relating to the project in Bangladesh referred to above and a project in Cambodia, which includes a suspension of the right to bid on and to be awarded World Bank Group-financed projects by SNC-Lavalin Inc., a subsidiary of the Company, and its controlled affiliates for a period of 10 years (the “World Bank Settlement”). The suspension could be lifted after eight years, if the terms and conditions of the settlement agreement are complied with fully. According to the terms of the World Bank Settlement, the Company and certain of its other affiliates continue to be eligible to bid on and be awarded World Bank Group-financed projects as long as they comply with all of the terms and conditions imposed upon them under the terms of the World Bank Settlement, including an obligation not to evade the sanction imposed. The World Bank Settlement also requires that the Company cooperate with the World Bank on various compliance matters in the future. The World Bank Settlement does not include a financial penalty. The World Bank Settlement has led to certain other multilateral development banks following suit, debarring SNC-Lavalin Inc. and its controlled affiliates on the same terms.

African Development Bank Settlement

On October 1, 2015, the Company announced a settlement with the African Development Bank relating to allegations of corruption in two African countries. The settlement included the payment by SNC-Lavalin Group Inc. of \$1.9 million to the African Development Bank (the “African Development Bank Settlement”). The African Development Bank Settlement also requires that the Company cooperate with the African Development Bank on various compliance matters in the future.

Canada’s Integrity Regime

The Canadian government announced the Integrity Regime for procurement and real property transactions on July 3, 2015. The scope of offences which may cause a supplier to be deemed ineligible to carry on business with the federal government are broad and encompass offences under the Criminal Code, the Competition Act, and the Corruption of Foreign Public Officials Act, among others. Some of the offences qualifying for ineligibility include: bribery, fraud, money laundering, falsification of books and documents, extortion, and offences related to drug trafficking. A determination of ineligibility to participate in federal government procurement projects may apply for 10 years for listed offences. However, the Integrity Regime permits the ineligibility period to be reduced by up to five years if a supplier can establish that it has cooperated with law enforcement authorities or addressed the causes of misconduct.

If a supplier is charged with a listed offence (as is presently the case with the Company), it may under the Integrity Regime be ineligible to do business with the Canadian government while legal proceedings are ongoing.

If a supplier applies for a reduced ineligibility period, or if a supplier charged with a listed offence is notified that it could be ineligible to do business with the Canadian government, as a condition of granting the reduced ineligibility period or not suspending the supplier an administrative agreement may be imposed to monitor the supplier. Administrative agreements include conditions and compliance measures that the supplier must meet to remain eligible to contract with the federal government.

The Company announced on December 10, 2015 that it has signed an administrative agreement with Public Services and Procurement (PSP) of the Government of Canada under the Integrity Regime.

14. CONTINGENT LIABILITIES (CONTINUED)

Failure of the Company to abide by the terms of any of its certification from the AMF, the World Bank Settlement, the African Development Bank Settlement and/or the PSP Administrative Agreement could result in serious consequences for the Company, including new sanctions, legal actions and/or suspension from eligibility to carry on business with the government or agency involved or to work on projects funded by them. The Company is taking steps that are expected to mitigate this risk.

Quebec's Voluntary Reimbursement Program (the "Program")

The Company announced on May 10, 2016, through a Notice of Intention filed with the Director of the Program, its participation in the Voluntary Reimbursement Program ("Bill 26") which was put into force by the Government of Quebec on November 2, 2015. The Program provides for a period of 90 days within which the Government of Quebec and various municipalities, governmental agencies and others can assess settlement proposals by program participants. As at August 3, 2016, the delay period for assessment of the Company's proposal has not yet elapsed.

Other Investigations

The Company understands that there are also investigations by various authorities ongoing in various jurisdictions with respect to the above and other matters. In addition, Pierre Duhaime and Riadh Ben Aïssa, former Company employees, have been charged by authorities in the Province of Quebec with various fraud offences allegedly in connection with a Company project in the Province of Quebec.

On October 1, 2014, Mr. Ben Aïssa entered guilty pleas to certain criminal charges in the Federal Criminal Court of Switzerland following a lengthy investigation by Swiss authorities and the detention of Mr. Ben Aïssa by Swiss authorities from April 2012 to October 2014. The Company was recognized as an injured party in the context of the Swiss proceedings and has been awarded for certain offences for which Mr. Ben Aïssa has plead guilty a sum equivalent to CA\$17.2 million (representing the equivalent of 12.9 million CHF and US\$2.0 million) plus interest, out of which a sum of CA\$11.9 million has been received up to June 30, 2016 with the balance expected to be received upon the forced execution of seized assets.

The Company is currently unable to determine when any of the above investigations will be completed, whether other investigations of the Company by these or other authorities will be initiated or the scope of current investigations broadened. While the Company continues to cooperate and communicate with authorities in connection with all ongoing investigations as noted above, if regulatory, enforcement or administrative authorities or third parties determine to take action against the Company or to sanction the Company in connection with possible violations of law, contracts or otherwise, the consequences of any such sanctions or other actions, whether actual or alleged, could require the Company to pay material fines or damages, consent to injunctions on future conduct or lead to other penalties including temporary or permanent, mandatory or discretionary suspension, prohibition or debarment from participating in projects by certain administrative organizations (such as those provided for in the World Bank Settlement) or by governments (such as the Government of Canada and/or the Government of Quebec) under applicable procurement laws, regulations, policies or practices, each of which could, materially adversely affect the Company's business, financial condition and liquidity and the market price of the Company's publicly traded securities.

The outcomes of the above investigations or the Charges could also result in, among other things, (i) covenant defaults under various project contracts, (ii) third party claims, which may include claims for special, indirect, derivative or consequential damages, or (iii) adverse consequences on the Company's ability to secure or continue its own financing, or to continue or secure financing for current or future projects, any of which could materially adversely affect the Company's business, financial condition and liquidity and the market prices of the Company's publicly traded securities. In addition, the Charges, these investigations and outcomes of these investigations or Charges (including the World Bank Settlement) and any negative publicity associated therewith, could damage SNC-Lavalin's reputation and ability to do business. Finally, the findings and outcomes of the Charges or these investigations (including the World Bank Settlement) may affect the course of the class action lawsuits (described below).

Due to the uncertainties related to the outcome of the Charges and each of the above investigations, the Company is currently unable to reliably estimate an amount of potential liabilities or a range of potential liabilities, if any, in connection with the Charges or any of these investigations.

14. CONTINGENT LIABILITIES (CONTINUED)

The Company's senior management and Board of Directors have been required to devote significant time and resources to the investigations described above, the World Bank Settlement and ongoing related matters which have distracted and may continue to distract from the conduct of the Company's daily business, and significant expenses have been and may continue to be incurred in connection with these investigations including substantial fees of lawyers and other advisors. In addition, the Company and/or other employees or additional former employees of the Company could become the subject of these or other investigations by law enforcement and/or regulatory authorities in respect of the matters described above or other matters which, in turn, could require the devotion of additional time of senior management and the diversion or utilization of other resources.

B) CLASS ACTION LAWSUITS

On March 1, 2012, a "Motion to Authorize the Beginning of a Class Action and to Obtain the Status of Representative" (the "Quebec Motion") was filed with the Quebec Superior Court, on behalf of persons who acquired SNC-Lavalin securities from and including March 13, 2009 through and including February 28, 2012, whether in a primary market offering or in the secondary market. The defendants in the Quebec Motion are SNC-Lavalin and certain of its current and former directors and former officers. The Quebec Motion raises both statutory and negligent misrepresentation claims.

On May 9, 2012, two proposed class actions were commenced in the Ontario Superior Court on behalf of all persons who acquired SNC-Lavalin securities during different time periods. These two actions were consolidated into a single action (the "Ontario Action") on June 29, 2012. The defendants in the Ontario Action are SNC-Lavalin and certain of its current and former directors and former officers. The Ontario Action seeks damages on behalf of all persons who acquired securities of SNC-Lavalin between November 6, 2009 and February 27, 2012 (the "Class Period"). The Ontario Action raises, among other things, both statutory and common law misrepresentation claims.

The Quebec Motion and the Ontario Action (collectively, the "Actions") allege that certain documents filed by SNC-Lavalin contained misrepresentations concerning, among other things, SNC-Lavalin's corporate governance practices, adequacy of controls and procedures, reported net income for the year ended December 31, 2010, and adherence to SNC-Lavalin's Code of Ethics.

The Actions each seek damages based on the decline in market value of the securities purchased by proposed class members when SNC-Lavalin issued a press release dated February 28, 2012, as well as other damages and costs. The Ontario Action seeks additional damages based on various further drops in share price.

On September 19, 2012, the Ontario judge agreed to the discontinuance of the plaintiffs' claims other than the statutory misrepresentation claims under securities legislation in accordance with an agreement with the plaintiffs. The judge granted the plaintiffs leave to proceed with those statutory claims and has certified a class action covering shareholders who bought SNC-Lavalin shares during the Class Period except for Quebec residents. On January 24, 2013, a judge of the Quebec Superior Court rendered a similar judgment covering Quebec residents.

Due to the inherent uncertainties of litigation, it is not possible to predict the final outcome of these lawsuits or determine the amount of any potential losses, if any, and SNC-Lavalin may, in the future, be subject to further class action lawsuits or other litigation. While SNC-Lavalin has directors' and officers' liability insurance insuring individuals against liability for acts or omissions in their capacities as directors and officers, the Company does not maintain any other insurance in connection with the Actions. The amount of coverage under the directors' and officers' policy is limited and such coverage may be an insignificant portion of any amounts the Company is required or determines to pay in connection with the Actions. In the event the Company is required or determines to pay amounts in connection with these lawsuits or other litigation, such amounts could be significant and may have a material adverse impact on SNC-Lavalin's liquidity and financial results.

C) OTHER

On June 12, 2014, the Quebec Superior Court rendered a decision in the matter commonly referred to as the "Pyrrhotite Case" in Trois-Rivières, Quebec and in which SNC-Lavalin is one of numerous defendants. The Superior Court ruled in favour of the plaintiffs, awarding an aggregate amount of approximately \$168 million in damages apportioned amongst the defendants, on an *in solidum* basis. SNC-Lavalin, among other parties, filed a Notice to Appeal the Superior Court decision both on merit and apportionment of liability. Based on the current judgment, SNC-Lavalin's share of the damages would be approximately 70%, a significant portion of which the Company would expect to recover from its external insurers. In addition to the Appeal of the decision, recourses in warranty have been filed against another party, which may result in reduction of SNC-Lavalin's share of the damages.

14. CONTINGENT LIABILITIES (CONTINUED)

Legal proceedings

SNC-Lavalin becomes involved in various legal proceedings as a part of its ordinary course of business and this section describes certain important ordinary course of business legal proceedings, including the general cautionary language relating to the risks inherent to all litigation and proceedings against SNC-Lavalin, which is equally applicable to the legal proceedings described below.

While SNC-Lavalin cannot predict with certainty the final outcome or timing of the legal proceedings described below, based on the information currently available (which in some cases remains incomplete), SNC-Lavalin believes that it has strong defences to these claims and intends to vigorously defend its position.

SNC-Lavalin's subsidiary SNC-Lavalin Inc. and a joint arrangement partner are in arbitration with a client which has claimed damages in relation to the design and construction of a mining facility. The client is alleging, among other things, breach of contract and negligence, gross negligence and negligent misrepresentation. SNC-Lavalin Inc. and its joint arrangement partner have launched a separate arbitration to recover amounts due but unpaid under the agreement with the client. The dispute resolution process is subject to confidential and binding arbitration.

SNC-Lavalin Inc. has initiated court proceedings against a Canadian client stemming from engineering, procurement, and construction management services that SNC-Lavalin Inc. provided in relation to the client's expansion of an ore-processing facility. SNC-Lavalin claimed from the client certain amounts due under the project contract. The client has counterclaimed alleging that SNC-Lavalin defaulted under the project contracts and seeking damages.

A project-specific wholly-owned subsidiary of SNC-Lavalin ("SNC SUB") has received a notice of arbitration from a client for, amongst other things, breach of contract and gross negligence in relation to the design and construction of a facility. SNC SUB has counterclaimed for unpaid invoices and costs arising from termination, plus the return of funds improperly drawn under a bank guarantee.

Due to the inherent uncertainties of litigation, it is not possible to predict the final outcome of these and other related proceedings generally, determine if the amount included in the Company's provisions is sufficient or determine the amount of any potential losses, if any, that may be incurred in connection with any final judgment on these matters.

The Company is a party to other claims and litigation arising in the normal course of operations, including by clients, subcontractors, and vendors presenting claims for, amongst other things, recovery of costs related to certain projects. Due to the inherent uncertainties of litigation and-or the early stage of certain proceedings, it is not possible to predict the final outcome of all ongoing claims and litigation at any given time or to determine the amount of any potential losses, if any. With respect to claims or litigation arising in the normal course of operations which are at a more advanced stage and which permit a better assessment of potential outcome, the Company does not expect the resolution of these matters to have a materially adverse effect on its financial position or results of operations.

15. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On June 30, 2016, SNC-Lavalin announced that it has reached an agreement to sell its non-core Real Estate Facilities Management business in Canada to Brookfield Global Integrated Solutions, which includes facilities management, property management, realty management and related project management. The agreement provides for a selling price of \$45 million, subject to working capital adjustments. The agreement is subject to customary regulatory and other approvals, and is expected to close by the end of 2016.

As the assets and liabilities of the disposal group classified as held for sale are expected to be realized through this transaction, the Company presents the aggregate amount of such assets and such liabilities of the disposal group as assets and liabilities of a disposal group classified as held for sale on its consolidated statement of financial position. However, there was no impact from the presentation of the disposal group as a disposal group classified as held for sale on the Company's consolidated income statement and consolidated statement of cash flows.

15. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

The major classes of assets and liabilities of the disposal group classified as held for sale at June 30, 2016 were as follows:

	JUNE 30 2016
Cash and cash equivalents	\$ 33,388
Other current assets	34,704
Non-current assets	12,155
Assets of disposal group classified as held for sale	80,247
Current liabilities	83,703
Liabilities of disposal group classified as held for sale	83,703
Net liabilities of disposal group classified as held for sale	\$ (3,456)



SNC • LAVALIN

www.snclavalin.com

SNC-LAVALIN
455 René-Lévesque Blvd. West
Montreal, Quebec
H2Z 1Z3 Canada
Tel.: 514-393-1000
Fax: 514-866-0795